

## STATEMENT OF PURPOSE

### RS21218C1

Judicial confirmation is the process by which a political subdivision of the State of Idaho may petition the district court that a proposed bonding obligation is an "ordinary and necessary" expense under Section 7-1308, Idaho Code, and thus forego placing the proposed bond obligation to a public vote. Evidence suggests that this process is being used more frequently in Idaho in recent years and thus, public votes are not being held on some bonding obligations.

The proposed statutory change would require that, prior to invoking the judicial confirmation process, the political subdivision shall hold at least one public election on the proposed bond obligation (New Section 7-1304). ("The governing body of a political subdivision shall hold an election on any proposal to bond or obligate.") Section 7-1304A adds the requirement that "provided the requirements of Section 7-1304, Idaho Code, have been met," thus ensuring at least one public vote on any bonded indebtedness.

The RS also adds additional language that any petition for judicial confirmation "shall provide a cost/benefit analysis relating to the proposed expenditure" which shall include "an analysis of the impact" of the proposed bond on "current levels of assessment and tax rates."

The new language in Section 7-1308(2) directs that the court shall determine that "compelling reasons exist for the proposed bond" prior to approval, and have the court keep statistical records of judicial review.

### FISCAL NOTE

There is no fiscal impact to the General Fund.

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